

Message Text

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21

ACTION EA-09

INFO OCT-01 ISO-00 CIAE-00 DODE-00 INR-07 NSAE-00 PA-01

USIA-06 PRS-01 SP-02 EB-07 COME-00 TRSE-00 /034 W

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R 130901Z APR 76

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 4023

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E. O. 11652: N/A

TAGS: EAIR, RP

SUBJECT: PRESS URGES INQUIRY INTO PAL OVERPRICING

1. THE EVENING POST AND THE ORIENT NEWS, BOTH EDITED BY KERIMA POLOTAN, HAVE COME OUT ON SUCCESSIVE DAYS WITH ALMOST IDENTICAL FRONT PAGE LEAD STORIES REPORTING THAT PRESIDENT MARCOS HAS ORDERED AN INVESTIGATION OF THE ALLEGED OVERPRICING OF AIRCRAFT PURCHASED BY PHILIPPINE AIRLINES. THE INVESTIGATION IS SAID TO ARISE FROM CLAIMS BY FORMER SENATOR ERNESTO MACEDA THAT PAL PURCHASED FOUR SECOND-HAND BAC-111 AT PRICES "VERY MUCH HIGHER THAN PRICES DURING THE SAME PERIOD OF USED BAC-111S AS QUOTED BY AVMARK, INC., A WORLDWIDE AVIATION MARKETING SERVICE."

2. MACEDA REPORTEDLY STATED THAT IN ONE CASE PAL PAID \$4 MILLION FOR A USED BAC-111 WHEN PRICES QUOTED BY AVMARK IN DECEMBER 1975 RANGED FROM \$827,000 TO \$1,371,000. THE OVERPRICE WAS ALLEGEDLY VERY CLOSE TO \$2.7 MILLION, AND MACEDA ASKED THE CIVIL AERONAUTICS BOARD TO SUBPOENA PAL EXECUTIVE VP RAFAEL IGOA TO EXPLAIN THE GREAT DISPARITY IN PRICE. MACEDA MADE THESE CHARGES DURING A CAB HEARING TO OPPOSE PAL'S PETITION FOR A 17.5 PERCENT INCREASE IN ITS DOMESTIC RATES OVER THE 12.5 PERCENT ALREADY PROVISIONALLY GRANTED BY THE CAB.

3. COMMENT: MACEDA IS A FORMER SECRETARY OF TRADE AND
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CHAIRMAN OF THE CAB WHO WON A SEAT ON THE PAL BOARD OF

DIRECTORS OVER THE OPPOSITION OF PAL PRESIDENT BENIGNO TODA. MACEDA IS ALSO REGULAR COLUMNIST FOR THE NEWSPAPERS EDITED BY KERIMA POLOTAN WHO IS CLOSE TO MALACANANG. ALTHOUGH STORY HAS BEEN FEATURED ONLY IN THESE TWO DAILIES, AN INDUSTRY SOURCE BELIEVES TODA (NOT OGOA PER SE) IS VULNERABLE AS IT IS GENERALLY BELIEVED THAT PAL PURCHASES OF THE AIRCRAFT AND SPARES WERE CHANNELED THROUGH RUBICON, INC., A CONSULTANT FIRM WHOLLY OWNED BY TODA HIMSELF. STULL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, AIRCRAFT SALES, PRICES, INVESTIGATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 13 APR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: izenbei0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976MANILA05130
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760139-0505
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760468/aaaacfon.tel
Line Count: 70
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: izenbei0
Review Comment: n/a
Review Content Flags:
Review Date: 01 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01 JUN 2004 by BoyleJA>; APPROVED <28 SEP 2004 by izenbei0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRESS URGES INQUIRY INTO PAL OVERPRICING
TAGS: EAIR, RP, PAL, (MACEDA, ERNESTO), (POLOTAN, KERIMA)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006